

## Briefs

**Livestock, Dairy, & Poultry****Meat Production in 2003  
Essentially Unchanged**

Red meat and poultry production in 2003 is forecast at about 84.5 billion pounds, about the same as this year and up 2 percent from 2001. Continuing moderate increases in broiler and pork production, helped by expectations of continuing low feed costs, will offset the expected decline in beef production caused by reduced inventories from seven continuous years of herd reduction.

Although red meat and poultry supplies are expected to be near record levels, an expected modest rebound in exports and the expanding economy in 2003 should lead to fractionally higher prices. Prices for both feeder and fed cattle are expected to post gains as supplies continue to decline.

Forage and water supplies remain tight in many cattle producing areas due to previous droughts, continuing drought in some areas, and other weather problems. As a result, beef producers continued to reduce their breeding herds in 2001 and early 2002. Thus, herd expansion likely has been delayed for at least another year

(many of the heifers that might have been bred this spring and added to the herd in 2003 are already on feed.) If drought conditions persist and /or areas now receiving rain become dry later this year, heifer retention will be delayed even further.

**Beef** production this year will be nearly 1 percent above 2001 as a result of the combination of additional heifers on feed and heavier finished weights. If weather conditions improve, and forage supplies become more plentiful, producers may retain heifers from this year's calf crop, which could lower beef production in 2003 about 5 percent below this year.

Cattle inventories have been declining since 1996 and are now the lowest since 1960. The continuing drop in the breeding herd likely will result in the smallest calf crop since the mid-1950s. A slight decline is expected in 2003.

If adequate forage is available, expected higher cattle prices should provide the incentive for producers to retain heifers for

breeding from this year's calf crop. These heifers would be bred in 2003 and calve in 2004. The retention of heifers will further reduce an already much-lower feeder cattle supply which was down 1 percent from a year earlier on April 1. Feeder cattle supplies are expected to continue to decline over the next couple of years until the cattle herd begins to expand.

Fed cattle prices in 2003 are expected to average in the mid-\$70s per cwt, compared with the high-\$60s this year as beef supplies (graded Choice or higher) tighten. Lower feeder cattle supplies will boost feeder cattle prices to around \$90 per cwt in 2003 from the low- to mid-\$80s this year. After declining about 2 percent from last year's record high, retail Choice beef prices in 2003 are expected to rise 3-5 percent as supplies tighten.

**Pork** production in 2003 is forecast at 19.8 billion pounds, up 1 percent from 2002. Hog slaughter is expected to be up about 1 percent while dressed weights edge up a pound. The March *Hogs and Pigs* report indicates the inventory of all hogs and pigs was up 2 percent from 2001. The number of hogs kept for breeding was up slightly, consistent with the March-May farrowing intentions, which are up 1 percent from actual farrowings a year ago. Pigs farrowed during this period

**U.S. Livestock and Poultry Products—Market Outlook**

Product	Year	Beginning stocks	Production	Imports	Total supply	Exports	Ending stocks	Consumption		Primary market price
								Total	Per capita	
Million lbs.								Lbs.	\$/cwt	
Beef	2002	606	26,456	3,230	30,292	2,285	425	27,583	66.8	67-70
	2003	425	25,230	3,275	28,930	2,400	350	26,180	62.9	72-79
Pork	2002	536	19,576	960	21,072	1,485	550	19,037	51.1	35-36
	2003	550	19,822	960	21,332	1,550	600	19,182	51.1	35-38
								c/lb		
Broilers	2002	712	31,840	8	32,560	5,440	725	26,395	78.5	56-58
	2003	725	32,647	12	33,384	5,850	715	26,819	79	57-61
Turkeys	2002	241	5,562	1	5,804	470	300	5,033	17.4	63-66
	2003	300	5,601	1	5,902	490	325	5,086	17.4	63-68
Million doz.								No.	c/doz.	
Eggs*	2002	10	7,183	8	7,201	165	12	6,059	251.7	63-66
	2003	12	7,250	8	7,270	168	12	6,090	250.7	64-69

Based on May 10, 2002, *World Agricultural Supply and Demand Estimates*.

\*Total consumption does not include eggs used for hatching.

See appendix tables 10 and 11 for complete definition of terms.

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will reach slaughter weight in late 2002 and early 2003.

Despite a return to profitability in early 2000 after the price collapse of 1998, the pig crop declined for three straight years. During the 1999-2001 period the structure of the hog sector continued to shift as many smaller producers exited the industry. In addition to loss of equity in 1998, the increased complexity of expanding production (including securing financing, obtaining building and waste management permits, and hiring and training staff) likely held back sector expansion. However, the pig crop for 2002 is expected to be up about 1 percent based on a 3-percent rise in the December 2001-February 2002 pig crop and a 1-percent increase in March-August farrowing intentions. The early spring slide in prices and profitability could temper future production increases.

Hog prices in 2003 are expected to average in the mid-to-upper \$30s per cwt compared with the mid-\$30s this year. Pork production and exports will be higher in 2003. The expected decline in beef production will more than offset the rise in poultry production, which will reduce competing meat supplies slightly.

Retail pork prices in 2003 are expected to be slightly lower than in 2002. If these prices are realized, retail pork prices would be down about 2 percent from 2001. Expected strong beef prices will help support pork prices.

**Poultry** output is expected to rise 2 percent in 2003 compared with a 2-3-percent increase in 2002. Broiler production is expected to rise about 3 percent in 2002 while turkey production should rise about 1 percent (the same as expected for 2002). With relatively stable and low feed costs, broiler and turkey producers continue to have relatively favorable returns. Wholesale broiler and turkey prices are expected to remain unchanged. In 2002, prices may be slightly weaker than a year ago. Retail poultry prices in 2003 are expected to rise slightly, compared with an expected 2-percent increase in 2002. The key to higher poultry prices is renewed strength in export markets.

**Egg** production is expected to increase about 1 percent in 2003 with greater demand for both table and hatching eggs. Wholesale egg prices are expected to rise about 2 cents per dozen in 2003, offsetting the expected decline in 2002. **AO**

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#### June

- 12** *World Agricultural Supply and Demand Estimates*  
(8:30 a.m.)
- 13** *Oil Crops Outlook\*\**  
*Cotton and Wool Outlook\*\**  
*Rice Outlook\*\**
- 14** *Feed Outlook (9 a.m.)*  
*Wheat Outlook (9 a.m.)\*\**
- 17** *Livestock, Dairy, and Poultry Situation and Outlook\*\**
- 20** *Vegetables and Melons Outlook\*\**
- 21** *U.S. Agricultural Trade Update\*\**
- 28** *Sugar and Sweeteners Yearbook\**

*\*Release of summary.*

*\*\*Electronic newsletter.*

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